

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0027-01  
Bill No.: HB 147  
Subject: Administration, Office of; Contracts and Contractors  
Type: Original  
Date: January 24, 2011

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Bill Summary: This proposal requires the commissioner of administration to purchase forest products, bricks, or aluminum produced in Missouri with certain exceptions.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>                   |                                 |                                 |                                 |
|---|---------------------------------|---------------------------------|---------------------------------|
| FUND AFFECTED   | FY 2012                         | FY 2013                         | FY 2014                         |
| General Revenue   | Unknown to<br>(Unknown)         | Unknown to<br>(Unknown)         | Unknown to<br>(Unknown)         |
|   |                                 |                                 |                                 |
| <b>Total Estimated<br/>Net Effect on<br/>General Revenue<br/>Fund</b> | <b>Unknown to<br/>(Unknown)</b> | <b>Unknown to<br/>(Unknown)</b> | <b>Unknown to<br/>(Unknown)</b> |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>                      |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2012    | FY 2013    | FY 2014    |
|   |            |            |            |
|   |            |            |            |
| <b>Total Estimated<br/>Net Effect on <u>Other</u><br/>State Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 5 pages.

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2012    | FY 2013    | FY 2014    |
|   |            |            |            |
|   |            |            |            |
| <b>Total Estimated Net Effect on <u>All</u> Federal Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |          |          |          |
|---|----------|----------|----------|
| FUND AFFECTED   | FY 2012  | FY 2013  | FY 2014  |
|   |          |          |          |
|   |          |          |          |
| <b>Total Estimated Net Effect on FTE</b>                  | <b>0</b> | <b>0</b> | <b>0</b> |

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |            |            |            |
|--|------------|------------|------------|
| FUND AFFECTED                              | FY 2012    | FY 2013    | FY 2014    |
| <b>Local Government</b>                    | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

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## **FISCAL ANALYSIS**

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### **ASSUMPTION**

Officials at the **Office of Administration's Division of Purchasing and Materials Management** assume that in meeting this contract award preference, it could cause state contracts to be awarded in lieu of consideration of other evaluation criteria such as cost, prior experience, and proposed method of performance. At this point, the DPMM is unable to determine the additional costs to the state agencies for awarding contracts based on a vendor's location.

Officials at the **Missouri Department of Conservation** assume an unknown fiscal impact that could exceed \$100,000 annually.

Officials at the **Missouri Department of Transportation** assume that there is no fiscal impact from this proposal.

**Oversight** assumes this could affect various state funds depending on which agency is purchasing the supplies. Oversight for the purpose of this fiscal note is showing all the costs to general revenue.

**Oversight** assumes that it is unclear whether purchasing only Missouri products will cost or save the State money. Therefore, Oversight is showing in the fiscal note an Unknown savings to Unknown cost.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of

ASSUMPTION (continued)

regulations at substantial costs, the SOS could request funding through the appropriation process.

| <u>FISCAL IMPACT - State Government</u> | FY 2012<br>(10 Mo.) | FY 2013 | FY 2014 |
|---|---------------------|---------|---------|
|---|---------------------|---------|---------|

**GENERAL REVENUE**

|   |                                       |                                       |                                       |
|---|---------------------------------------|---------------------------------------|---------------------------------------|
| <u>Cost - purchase in-state materials</u> | <u>Unknown to</u><br><u>(Unknown)</u> | <u>Unknown to</u><br><u>(Unknown)</u> | <u>Unknown to</u><br><u>(Unknown)</u> |
|---|---------------------------------------|---------------------------------------|---------------------------------------|

**ESTIMATED NET EFFECT ON  
GENERAL REVENUE**

|   |   |   |
|---|---|---|
| <u><b>Unknown to</b></u><br><u><b>(Unknown)</b></u> | <u><b>Unknown to</b></u><br><u><b>(Unknown)</b></u> | <u><b>Unknown to</b></u><br><u><b>(Unknown)</b></u> |
|---|---|---|

| <u>FISCAL IMPACT - Local Government</u> | FY 2012<br>(10 Mo.) | FY 2013 | FY 2014 |
|---|---------------------|---------|---------|
|---|---------------------|---------|---------|

|                   |                   |                   |
|-------------------|-------------------|-------------------|
| <u><b>\$0</b></u> | <u><b>\$0</b></u> | <u><b>\$0</b></u> |
|-------------------|-------------------|-------------------|

FISCAL IMPACT - Small Business

Businesses that supply forest, bricks or aluminium products could benefit.

FISCAL DESCRIPTION

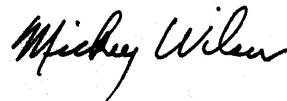
This bill requires the Commissioner of the Office of Administration or any other agent of the state with purchasing power to buy forest products, bricks, or aluminum produced in this state unless there is an emergency situation or a narrowly tailored, compelling state interest in purchasing these products out-of-state. Raw materials used in the manufacture of these products may be mined or extracted outside of the state if the production and refinement of the forest products, bricks, or aluminum for final use is substantially conducted in this state. The price limitations specified in Chapter 34, RSMo, will not apply to the provisions of the bill, and there will be no waiver of the requirements of the bill. The bill specifies that the State of Missouri finds and declares that it is acting as a market participant for the benefit of its citizens and that these provisions are essential to the citizens' welfare.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

JH:LR:OD

SOURCES OF INFORMATION

Missouri Department of Conservation  
Missouri Department of Transportation  
Office of Administration's Division of Purchasing and Materials Management  
Office of the Secretary of State

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
January 24, 2011